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RANDY K. JOHNSON

†ALSO MEMBER NEVADA BAR

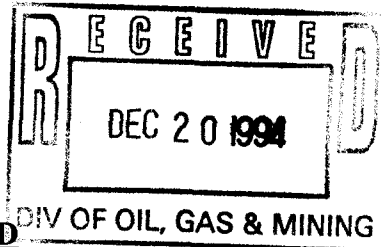
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BROCK R. BELNAP
DOUGLAS R. BREWER
CRAIG E. HUGHES
JULIE FORTUNA
ELAYNE WELLS HARMER

A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW

TWELFTH FLOOR
215 SOUTH STATE STREET
P.O. BOX 510210
SALT LAKE CITY, UTAH 84151
TELEPHONE (801) 531-8900
FACSIMILE (801) 596-2814

OF COUNSEL
PETER W. BILLINGS, SR.
RALPH H. MILLER

NEVADA OFFICE
2835 SOUTH JONES BLVD., SUITE 5
LAS VEGAS, NEVADA 89102
TELEPHONE (702) 367-4545
FACSIMILE (702) 252-5014



December 20, 1994

Pamela Grubaugh-Littig
UTAH DIVISION OF OIL, GAS & MINING
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

RE: ~~Nonsignificant Permit~~ Amendment for Crandall Canyon Mine, Permit
No. ACT/015/032 #2

Dear Pam:

On behalf of Genwal Coal Company, Inc. ("Genwal"), we appreciated the opportunity to meet with Jim Carter, Lowell Braxton and you regarding the pending sale of Nevada Electric Investment Company's ("NEICO's") interest in the Crandall Canyon Mine to Andalex Resources, Inc. ("Andalex"). As we discussed, Genwal proposes to designate GENWAL Resources, Inc. ("GENWAL"), as operator of the Crandall Canyon Mine pending approval of the transfer, assignment and sale of NEICO's permit rights under ACT/015/032. GENWAL is a Utah corporation formed by Andalex to operate the Crandall Canyon Mine.

Enclosed is an Application for Designation of Operator ("Application") which is submitted as a nonsignificant permit amendment for Permit No. ACT/015/032. Upon the Division of Oil, Gas & Mining's ("Division's") approval, the text of Chapter 1 of the Mining & Reclamation Plan will be revised to incorporate this information. In connection with the review of this application, it is our understanding that you will also conduct a check of the Applicant Violator System regarding the entities identified in the Application.

Currently, NEICO is proposing to sell to Andalex its entire undivided fifty percent (50%) interest in the Crandall Canyon Mine project effective as of January 1, 1995. The closing for this matter is scheduled for January 6, 1995. Prior to closing, GENWAL has agreed to submit an application for transfer, assignment and sale of permit rights associated with ACT/015/032. NEICO's sale of permit rights to Andalex is subject to and

946

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Pamela Grubaugh-Littig
December 20, 1994
Page 2

conditioned upon the Division's approval of the application for transfer, assignment and sale of Permit No. ACT/015/032.

Please let me know if you need anything further regarding this matter.

Very truly yours,



Denise A. Dragoo

DAD:jmc:47387

Enclosure

cc: James Carter
Lowell Braxton
Richard Hinckley, Esq. (with enclosure)
John Kirkham, Esq. (with enclosure)
Ron Rencher, Esq. (with enclosure)
Jay Marshall (with enclosure)
Mike Glasson (with enclosure)